

# Perspectives

*Leadership in a Time of  
Uncertainty*

THE BOSTON CONSULTING GROUP

# Leadership in a Time of Uncertainty

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*If the mind is to survive this constant battle with the unexpected, two qualities are indispensable: first, an intellect that even in this moment of intense darkness retains some trace of the inner light that will lead to truth, and second, the courage to go where that faint light leads.*

—Carl von Clausewitz

The events of September 11 and the ongoing economic downturn have created a business environment of nearly paralyzing uncertainty. As a result, there will be greater demands on the capacity of senior executives to lead than in any recent period in business history. Some of the best insights into meeting this leadership challenge come from a book written nearly 170 years ago: the classic text of military strategy, *On War*, by the nineteenth-century Prussian general Carl von Clausewitz.

Clausewitz lived through the unprecedented social and political upheaval inaugurated by the French Revolution and spread throughout Europe by the Napoleonic Wars. His experience in those conflicts led him to develop a view of war as the archetypal “realm of uncertainty.” Deeply influenced by the example of Napoleon, Clausewitz believed that in times of extreme uncertainty, great leaders emerge.

In his book, Clausewitz describes three basic challenges of leadership in a time of uncertainty. They are as relevant for business executives today as they are for military and political leaders.

### **Piercing the Fog**

The first challenge is intellectual: developing the habits of mind that allow the leader to pierce what has come to be known, since Clausewitz, as the *fog of war*.

Many business executives thrive on clear solutions. They value analysis, compelling logic, the “right” answer. Confronted with uncertainty, their natural tendency is to narrow down what seems like an overwhelming range of possibilities and to drive quickly to a conclusion. Clausewitz urges precisely the opposite. Rather than being an obstacle, uncertainty is the very engine of transformation in a business, a continuous source of new opportunities.

So instead of reacting defensively to uncertainty, embrace it. Expand radically the range of alternatives, possibilities, and scenarios to consider. Think in what Clausewitz calls *polarities*; in other words, systematically consider contradictory courses of action.

The purpose of exploring polarities is not to arrive at a synthesis, compromise, or right answer but rather to avoid resolution and explore the extremes in depth. Systematically

examining the range of forces that could lead to radically different outcomes allows the leader to sharpen his or her capacity to observe a foggy reality. This is partly a matter of data—expanding one’s understanding of which data are relevant and considering information one might not have considered before. But it is mainly a matter of judgment—taking a second look at the same data and considering what one thinks one already knows from a variety of diverse and even contradictory perspectives.

Thinking in polarities allows the leader to develop what Clausewitz describes as the “skill in discerning, from a mass of countless objects and relations, what is most important and decisive.” As such, it is an essential preparation for action. When great leaders act, their actions, from the outside, may appear sudden, even arbitrary. In fact, they are built on an intuitive understanding of likely options and outcomes—what Clausewitz calls “the rapid recognition of a truth that is utterly invisible to the ordinary view.”

### **Acting with Courage**

Exploring polarities can prepare executives to act, even when they don’t have all the information. But in the end, decisive action is not purely a function of intellectual understanding. It is also a product of courage, a personal act of will. The leader, writes Clausewitz, must

have “deep confidence in himself.” Otherwise, he will be vulnerable to “the pressure of the moment.”

Frequently, leaders can have a strong grasp of the intellectual issues, only to be tripped up by hesitancy and indecision. “Although they are aware of the need to make a decision,” writes Clausewitz, “they also see the dangers lurking in a wrong decision.” As a result, “their intelligence loses its original strength.”

This is the moment when personal courage must come to the fore. When insight is joined with courage, the product is what Clausewitz terms “the determination that wins out over a doubtful situation.” For the true leader, “the fear of hesitation and delay overrides all other human fears.”

### **Engaging with Details**

“In war,” writes Clausewitz, “everything is very simple, but the simplest thing is difficult. . . . countless minor events . . . conspire to decrease efficiency, and one always falls short of the goal.” The third leadership challenge is neither intellectual nor psychological but practical: knowing how to orchestrate action, despite uncertainty, across the broad range of people and activities in a complex organization.

This is what managers call *execution*. In periods of uncertainty, effective execution becomes a leadership challenge in its own right.

Often the smallest details can make the greatest difference. So the leader has to be engaged with the details, in touch with people on the front line, aware of the complexities confronting the organization. Like New York mayor Rudolph Giuliani in the aftermath of the World Trade Center attack, the leader must be everywhere.

Staying close to the details of execution is essential not so much to avoid the “countless minor events” that can go wrong but to adapt to them quickly when they occur. “In war, more than anywhere else in the world,” writes Clausewitz, “things turn out differently from what we expected, and look differently up close from how they looked at a distance.” When the leader is engaged with the details of execution, he or she can respond quickly to unintended consequences and adjust to new facts on the ground.

Such engagement is also an important means for tapping the energy of the entire organization. According to Clausewitz, the power of the French Revolution came from its ability to mobilize the French nation, a mobilization of people and resources so total that it allowed France to dominate Europe. So, too, the leader’s ability to unleash local energies and build morale can be a powerful mechanism for an organization coping with uncertainty and change.

## **The Wellspring of Strategy**

The intellectual imagination to embrace polarities, the personal courage to act decisively even in the presence of imperfect information, a practical engagement with the details of execution that unleashes energy—these three dimensions of leadership in a time of uncertainty are also three key dimensions of strategy. If war is the realm of uncertainty, then uncertainty is the wellspring of strategy.

In the months ahead, the true leaders in your organization will emerge from the mass of managers and employees. Make sure you have a strategy for recognizing them. Make sure you are one of them.

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